

United States Senate

WASHINGTON, DC 20510

April 22, 2009

The Honorable Timothy Geithner
Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, D.C. 20220

Dear Secretary Geithner:

We write to encourage you to include our proposal to establish a Financial Product Safety Commission in the Administration's plans for reviving the American financial system and ensuring that a crisis such as this never happens again. Regulators cannot effectively manage systemic risk and restore the confidence of American families in the financial system without making sure that the financial products themselves are safe.

As the President has noted on a few occasions, there is no reason for us to have regulations that prevent toasters from exploding into flames, but no protections to prevent mortgages and credit cards from doing the same. Deceptive and dangerous financial products imperil millions of individual families. These products also endanger our entire economy by creating markets built upon unstable assets like bad mortgages and unsustainable credit card debt. The collapse of the mortgage market last year, and the ensuing crisis at large financial institutions like AIG, clearly demonstrates this danger. Despite general recognition that deceptive and dangerous financial products have contributed to our current crisis, many such products are still widely marketed to consumers to this day.

We applaud and support the framework for a dramatic overhaul of the financial regulatory system you proposed recently in testimony before the House Financial Services Committee. As you unveil more details of this framework, we encourage you to include our proposal to establish a Financial Product Safety Commission based on the bill S.566 which we have introduced.

A Financial Product Safety Commission would set baseline safety standards for financial products like mortgages and credit cards, just as the Consumer Products Safety Commission sets standards for consumer goods such as toasters and children's toys. Preventing dangerous products from undercutting new and innovative products would strengthen the market for consumer financial credit, benefiting the families that use these products and the industry participants in these markets.

On the other hand, if dangerous and deceptive consumer financial products continue to be available, even the best regulation of risk on Wall Street will not eliminate the dangers posed by an economy built upon a foundation of unsteady, and potentially explosive, consumer financial products.

We hope you will join us in supporting this vital reform.

Sincerely,



Senator Richard J. Durbin



Senator Charles Schumer



Senator Edward Kennedy